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TO RUEHDO/AMEMBASSY DOHA IMMEDIATE 8914  
RUEHKU/AMEMBASSY KUWAIT IMMEDIATE 2900  
RUEHMK/AMEMBASSY MANAMA IMMEDIATE 4017  
RUEHMS/AMEMBASSY MUSCAT IMMEDIATE 0246  
RUEHRH/AMEMBASSY RIYADH IMMEDIATE 6057  
INFO IRAN COLLECTIVE IMMEDIATE  
RUEHAD/AMEMBASSY ABU DHABI IMMEDIATE 0034  
RUEHRL/AMEMBASSY BERLIN IMMEDIATE 2061  
RUEHLO/AMEMBASSY LONDON IMMEDIATE 4915  
RUEHFR/AMEMBASSY PARIS IMMEDIATE 7024

UNCLAS SECTION 01 OF 02 STATE 014230

SIPDIS

SENSITIVE  
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E.O. 12958: N/A

TAGS: [KNNP](#) [MNUC](#) [IR](#) [GM](#) [UK](#) [FR](#) [XF](#) [ZP](#) [AE](#)

SUBJECT: DUBAI CITES FATF IRAN STATEMENT IN WARNING TO  
BANKING SECTOR

REF: A. A) ABU DHABI 000028  
[1](#)B. B) ABU DHABI 002026  
[1](#)C. C) STATE 149648

[1](#)1. (U) This is an action request. Please see paragraph six.

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SUMMARY/BACKGROUND  
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[1](#)2. (U) On January 7, 2008, the Dubai Financial Services Authority (DFSA) issued an advisory to all Senior Executive Officers of DFSA-regulated firms regarding dealings with Iran. The U.S. would like to notify the GCC of Dubai's actions, as well as those by numerous other countries, and urges other GCC members to issue similar advisories to their financial institutions.

[1](#)3. (U) The DFSA advisory was based on the October 11, 2007 Financial Action Task Force (FATF) statement warning of the risk of doing business with Iranian banks. The FATF statement cautioned that Iran's lack of comprehensive anti-money laundering / combating the financing of terrorism (AML/AFT) regime represents a significant vulnerability within the international financial system. The FATF advised that financial institutions should take the risk arising from the deficiencies in Iran's AML/CFT regime into account for enhanced due diligence.

[1](#)4. (U) The DFSA's advisory recommended that firms may need to review and enhance their existing policies, procedures, systems, and controls to guard against threats of illicit activity related to money laundering, terrorist financing and WMD proliferation financing. The statement specifically emphasized the need for regulated firms to apply a risk-based approach to identify high-risk customers, transactions, and correspondent banking relationships.

[1](#)5. (SBU) The supervision of the UAE banking and financial sector falls under the authority of the Central Bank. It issues licenses to financial institutions and can impose administrative sanctions for compliance violations. The Dubai Financial Services Authority (DFSA) on the other hand has supervisory authority only for financial institutions operating in the Dubai International Financial Center (DIFC) a financial free zone exempt from UAE civil, but not criminal laws. Please note that neither the UAE Central Bank, nor any other regional central bank, have issued similar statement to avoid angering Iran or any domestic constituents.

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OBJECTIVES/ACTION REQUEST  
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¶6. (U) Washington requests Posts approach appropriate host government officials in the foreign affairs and financial ministries and pursue the following objectives:

For Embassies Riyadh, Manama, Kuwait City, Muscat, Doha:

-- Notify the members of the GCC that the Dubai Financial Services Authority is the most recent financial entity to issue a statement regarding the deficiencies in Iran's AML/CFT regime, FATF guidance on the implementation of UNSCR 1737, and FATF guidance on the implementation of financial provisions of UNSCRs on weapons of mass destruction. The DFSA joins a host of other regulators that have issued statements in support of the FATF's warning, including those from Canada, Germany, Japan, and the United Kingdom.

-- Urge other GCC regulators to follow the DFSA's lead and issue similar warnings to their financial institutions. In light of the October 2007 FATF statement, states should exercise due diligence in ensuring that their financial institutions guard against threats of Iranian illicit activity related to money laundering, terrorist financing, and WMD proliferation financing.

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FOR EMBASSIES BERLIN, PARIS, LONDON:

-- Provide additional information to the EU3 on the actions of Dubai in relation to the threat posed by transactions with Iranian banks.

FOR EMBASSIES PARIS, LONDON

-- Urge the appropriate authorities to issue similar statements to their banks and financial entities.

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REPORTING DEADLINE  
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¶7. (U) Post should respond within seven business days of receipt of cable. Please slug replies for ISN, T, TREASURY, EUR, and NEA. Please include SIPDIS in all replies.

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POINT OF CONTACT  
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¶8. (U) Washington point of contact for follow-up information is Kevin McGeehan, ISN/CPI, (202) 647-5408, mcgeehankj@state.sgov.gov.  
RICE